

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature – Second Regular Session
COMMITTEE ON WAYS AND MEANS
Report of Regular Meeting
Monday, February 1, 2016
House Hearing Room 3 -- 2:00 p.m.

MINUTES RECEIVED
CHIEF CLERK'S OFFICE

2-2-16

Convened 2:42 p.m.

Recessed

Reconvened

Adjourned 6:08 p.m.

Members Present

Mr. Bolding
Mr. Cardenas
Mr. Mesnard
Mr. Olson
Mr. Weninger
Mr. Wheeler
Mr. Kern, Vice-Chairman
Mr. Mitchell, Chairman

Members Absent

Ms. Ugenti-Rita

Agenda


Original Agenda – Attachment 1

Request to Speak

Report – Attachment 2

Committee Action

<u>Bill</u>	<u>Action</u>	<u>Vote</u>	<u>Attachments</u> (Summaries, Amendments, Attendance)
HB2054	DP	8-0-0-1	3, 4
HB2151	DPA	6-2-0-1	5, 6, 7, 8
HB2184	DP	8-0-0-1	9, 10
HB2256	DP	8-0-0-1	11, 12, 13
HB2343	DP	5-3-0-1	14, 15, 16
HB2354	DP	5-3-0-1	17, 18
HB2402	DP	5-3-0-1	19, 20
HB2449	DPA	7-0-0-2	21, 22, 23
HB2481	DPA	5-2-1-1	24, 25, 26
HB2482	DP	5-3-0-1	27, 28
HB2494	HELD		
HB2498	DPA	8-0-0-1	29, 30, 31
Committee Attendance			32


Abby Selvey, Chairman/Assistant
February 2, 2016

(Original attachments on file in the Office of the Chief Clerk; video archives available at <http://www.azleg.gov>)

COMMITTEE ON WAYS AND MEANS
Monday, February 1, 2016

Conv: 2:42 pm
Adj: 6:08 pm

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - Second Regular Session

REGULAR MEETING AGENDA

COMMITTEE ON WAYS AND MEANS

DATE Monday, February 1, 2016

ROOM HHR 3

TIME 2:00 P.M.

Members:

Mr. Bolding
Mr. Cardenas
Mr. Mesnard

Mr. Olson
Ms. Ugenti-Rita
Mr. Weninger

Mr. Wheeler
Mr. Kern, Vice-Chairman
Mr. Mitchell, Chairman

Bills		Short Title	Strike Everything Title
HB2054	<u>DP</u>	debt limitations; net assessed value (Mitchell)	
	<u>800-1</u>	WM, RULES	
HB2151	<u>DPA</u>	tax credit; teachers' school supplies (Weninger, Borrelli, Cobb, et al)	
	<u>620-1</u>	WM, RULES	
HB2184	<u>DP</u>	tobacco products; luxury tax refunds (Mitchell)	
	<u>800-1</u>	WM, RULES	
HB2256	<u>DP</u>	tax subtraction; uniformed services pay (Brophy McGee, Carter, Coleman, et al)	
	<u>800-1</u>	WM, RULES	
HB2343	<u>DP</u>	unclaimed property; revenue department contracts (Livingston: Fann)	
	<u>530-1</u>	WM, RULES	
HB2354	<u>DP</u>	tax credit; unified sports programs (Carter)	
	<u>530-1</u>	WM, RULES	
HB2402	<u>DP</u>	bonds; disclosure; notice (Leach: Finchem, Livingston)	
	<u>530-1</u>	WM, RULES	

Bills	Short Title	Strike Everything Title
HB2449	<u>DPA</u> taxation; self-reported errors; injured spouses (Mitchell, Borrelli, Cardenas, et al) <u>7-0-0-2</u> WM, RULES	
HB2481	<u>DPA</u> schools; primary property tax rates (Olson) <u>5-2-1-1</u> WM, RULES	
HB2482	<u>DP</u> empowerment scholarships; expansion; phase-in. (Olson, Borrelli, Begay, et al) <u>5-3-0-1</u> WM, RULES	
HB2494	<u>Held</u> tax credit; concealed weapon permits (Montenegro) WM, RULES	
HB2498	<u>DPA</u> cigarette tax stamps; distributor discount (Mitchell, Borrelli, Cardenas, et al) <u>8-0-0-1</u> WM, RULES	

ORDER OF BILLS TO BE SET BY THE CHAIRMAN

ams
1/27/16

People with disabilities may request reasonable accommodations such as interpreters, alternative formats, or assistance with physical accessibility. If you require accommodations, please contact the Chief Clerk's Office at (602) 926-3032, TDD (602) 926-3241.

Information Registered on the Request to Speak System

House Ways and Means (2/1/2016)

HB2054, debt limitations; net assessed value

Testified in support:

Kevin McCarthy, Arizona Tax Research Association

Support:

Charles Essigs, Director of Government Relations, Arizona Association Of School Business Officials; Mike Huckins, GREATER PHOENIX CHAMBER OF COMMERCE; Gretchen Kitchel, SALT RIVER PROJECT (SRP); Jeff Sandquist, NAIOP; Tom Belshe, League Of Arizona Cities And Towns; Janice Palmer, AZ School Boards Assn; Michael Combrink, Maricopa County Assessor's Office

Neutral:

Trey Williams, AZ ASSOCIATION OF COUNTIES

Oppose:

Jose Borrajero, representing self; Jim Dutton, representing self; Tom Holding, representing self; Lyle Tuttle, representing self; martha hayes, representing self; Terry Hill, representing self; Buffalo Rick Galeener, representing self; Joyce Hill, representing self; Christine Maceri Genge, representing self; Dennis Genge, representing self; Susan Hicks, representing self; Sandi Bartlett, representing self; Janelle Solomon, representing self; John Baunoch, representing self

All Comments:

Jose Borrajero, Self: Misleading title. Shifting to net asset value would raise the limit on indebtedness, which leads to higher taxes; Jim Dutton, Self: This bill is an underhanded way of raising property taxes. Something we the voters have had enough of.; Buffalo Rick Galeener, Self: Like so many other attempts to fool the public, this does the opposite of it's actual name. No thank you!

HB2151, tax credit; teachers' school supplies

Testified as neutral:

Sean Laux, AZ DEPT OF REVENUE

Support:

Tom Holding, representing self; Olga Tarro, representing self; Steven Zylstra, representing self; Barry Aarons, ARIZONA ASSOCIATION OF COUNTY SCHOOL SUPERINTENDENTS; Bill Gates, representing self; Kathryn Rose, representing self

Neutral:

Susan Ashcraft, representing self

Oppose:

Jim Dutton, representing self; martha hayes, representing self; Lyle Tuttle, representing self; Lynne Weaver, representing self; Stacey Morley, AZ EDUCATION ASSN; Janice Palmer, AZ School Boards Assn; Janelle Solomon, representing self

All Comments:

Jim Dutton, Self: Schools need to better handle the funds they receive at the taxpayers expense. Lowering administrative salaries even 2% would cover the cost of additional materials needed.; Olga Tarro, Self: Teachers often purchase needed classroom items out of their own funds. Help offset their generosity w/tax credit. This encourages money IN classrooms. Current tax credit is for outside of class items like field trips. Focus \$\$ closest to kids.; Susan Ashcraft, Self: Should we give firefighters or police officers tax credits to buy hoses and guns on their own time, or should public servants receive the materials they need to do their jobs? Funding learning materials is the state's obligation.; Steven Zylstra, Self: The Arizona Technology Council supports passage of this bill.; Bill Gates, Self: Many teachers routinely reach into their own pockets to provide supplies the state and local districts have neglected to provide. This is an excellent way of recognizing that service and dedication to their students.; Stacey Morley, AZ EDUCATION ASSN: We always want to support resources for teachers, but we oppose the creation of a tax credit which diverts revenue from the GF. State and local revenue are supposed to provide the necessary resources to public schools, not teachers.; Janice Palmer, AZ School Boards Assn: Our opposition is solely the issuance of a new tax credit to fund these items; they should be funded through the regular funding formula; Kathryn Rose, Self: Every teacher I know spends at least \$6,000 and up to \$15,000 each year on school supplies for their students. These dedicated teachers deserve a tax break.

HB2184, tobacco products; luxury tax refunds**Testified in support:**

Nick Simonetta, Arizona Complete (Tobacco Distributors)

Support:

PHILIP SCHWARTZ, representing self

Oppose:

Paige Wambold, representing self; Erica Sussman, representing self; Kirin Goff, representing self; Zaida Dedolph, representing self

All Comments:

Zaida Dedolph, Self: This bill has the potential to reduce general fund revenues. At a time when our economy is still in recovery, any measure that would reduce state revenues is premature.

HB2256, tax subtraction; uniformed services pay**Testified in support:**

William Fischbach, representing self; Jon Altmann, ASSOCIATION OF THE U.S. NAVY

Neutral:

Sean Laux, AZ DEPT OF REVENUE

All Comments:

Jon Altmann, ASSOCIATION OF THE U.S. NAVY: representing the Association of the U.S. Navy

HB2354, tax credit; unified sports programs**Testified in support:**

Miguel Quezada, representing self

Testified as neutral:

Sean Laux, AZ DEPT OF REVENUE

Support:

Mark Jacoby, representing self; Charles Essigs, Director of Government Relations, Arizona Association Of School Business Officials; Barry Aarons, ARIZONA ASSOCIATION OF COUNTY SCHOOL SUPERINTENDENTS; Susan Cannata, The Arc Of Arizona; Janice Palmer, AZ School Boards Assn; Linda Polito, Polito Associates

Oppose:

Stacey Morley, AZ EDUCATION ASSN

All Comments:

Mark Jacoby, Self: Thank you for your support of creating equal opportunities for everyone.; Miguel Quezada, Self: My name is Miguel Quezada, and I am the State Development Director for Special Olympics AZ. On behalf of the organization I would like to thank you for considering this bill which would support individuals with intellectual disabilities in AZ.; Stacey Morley, AZ EDUCATION ASSN: This tax credit creates inequities between public schools who have the capacity to raise the funds and those who do not.

HB2343, unclaimed property; revenue department contracts**Testified in support:**

Garrick Taylor, Arizona Chamber Of Commerce And Industry; Nikki Dobay, representing self

Testified as neutral:

Sean Laux, AZ DEPT OF REVENUE

Testified as opposed:

Scott Smith, Xerox

Support:

Don Isaacson, STATE FARM INSURANCE COMPANIES; Germaine Marks, PRUDENTIAL FINANCIAL INC; Jeff Gray, AZ CHAMBER OF COMMERCE; J. Michael Low, Attorney, Prudential & American Council Of Life Insurers; Kerry L.

Hayden, FARMERS INSURANCE GROUP OF COMPANIES; Susan Cannata, COPPERPOINT MUTUAL INSURANCE CO
DBA SCF ARIZONA

All Comments:

J. Michael Low, Prudential & American Council Of Life Insurers: If Necessary

HB2402, bonds; disclosure; notice

Testified in support:

Ally MILLER, representing self

Testified as opposed:

Megan Kintner, AZ ASSOCIATION OF COUNTIES

Support:

Eric Orrill, representing self; Roger Score, representing self

Neutral:

Eric Spencer, AZ SECRETARY OF STATE

Oppose:

Mary McKell, representing self; Charles Essigs, Director of Government Relations, Arizona Association Of School Business Officials; Tom Belshe, League Of Arizona Cities And Towns; Erin Roper, representing self; Linda Polito, Polito Associates

All Comments:

Mary McKell, Self: As a constituent I am opposed to this legislation which provides no accountability on how tax payers money is being spent and takes money out of public education to be given to private institutions. Arizona needs to fund our public schools!; Erin Roper, Self: The City of Kingman is against this bill.; Ally MILLER, Self: I support passage of this bill for transparency in bond elections. Voters deserve to know the maximum impact of the interest rate they are approving with the passage of a bond proposition. Transparency is critical to retain confidence of the voters; Roger Score, Self: The voters need more transparency in regards to deciding on the voting for Bond packages. Currently, the Voters are being deceived in regards to what the projected cost shall be and also the Voters are being deceived of where money is being spent.

HB2449, taxation; self-reported errors; injured spouses

Testified in support:

Ryan DeMenna, Arizona Society Of CPA's

Neutral:

Sean Laux, AZ DEPT OF REVENUE

HB2481, schools; primary property tax rates

Testified in support:

Sean McCarthy, AZ TAX RESEARCH ASSN

Testified as opposed:

Charles Essigs, Director of Government Relations, Arizona Association Of School Business Officials; Marc Kuffner, representing self

Support:

Mike Huckins, GREATER PHOENIX CHAMBER OF COMMERCE; Jeff Sandquist, NAIOP; Michael Hunter, BARRY GOLDWATER INSTITUTE FOR PUBLIC POLICY RESEARCH; Farrell Quinlan, State Director, NATIONAL FEDERATION OF INDEPENDENT BUSINESS

Neutral:

Sean Laux, AZ DEPT OF REVENUE

Oppose:

Jose Borrajero, representing self; Charles Essigs, Director of Government Relations, Arizona Association Of School Business Officials; Jim Dutton, representing self; Tom Holding, representing self; Lyle Tuttle, representing self; martha hayes, representing self; Terry Hill, representing self; Buffalo Rick Galeener, representing self; Joyce Hill, representing self; Richard Hofelich, representing self; Christine Maceri Genge, representing self; Dennis Genge, representing self; Susan Hicks, representing self; Michael Gibbs, representing self; Jane Schutte, representing self; Sarah Ells, representing self; Sandi Bartlett, representing self; Lynne Weaver, representing self; Geoff Esposito, Arizona School Boards Association; Barry Aarons, ARIZONA ASSOCIATION OF COUNTY SCHOOL SUPERINTENDENTS; Stacey Morley, AZ EDUCATION ASSN; Janice Palmer, AZ School Boards Assn; Mark Barnes, AZ SCHOOL ADMINISTRATORS ASSOC; Linda Polito, Polito Associates; John Kelly, Principal, TUCSON UNIFIED SCHOOL DISTRICT; Janelle Solomon, representing self; John Baunoch, representing self

All Comments:

Jose Borrajero, Self: This bill would increase the ability of boards of supervisors to increase property taxes by manipulating the tax rates.; Charles Essigs, Arizona Association Of School Business Officials: Concerns about correct rates; Jim Dutton, Self: The power to raise taxes should not be put into the hands any board or select group of individuals.; Buffalo Rick Galeener, Self: We want less power in government, NOT MORE!; Susan Hicks, Self: Absolutely NO. Spending and taxing is a runaway freight train now.; Michael Gibbs, Self: The spending limits currently in place are there for a reason and should be respected. This is just another attempt to fleece taxpayers clandestinely.; Sarah Ells, Self: There is no accountability built in to this bill and it amounts to irresponsible use of taxpayer funds. Oppose this bill. -Sarah Ells, Flagstaff USD Board Member; Stacey Morley, AZ EDUCATION ASSN: Opposed as bill currently stands but we know the sponsor, ATRA, the county superintendents and the districts are working toward an amendment we could support.

HB2482, empowerment scholarships; expansion; phase-in.

Testified in support:

Marc Ashton, representing self; Vicki Alger, representing self; Katherine Visser, representing self; Sydney Hay, AMERICAN FEDERATION FOR CHILDREN; Michael Hunter, BARRY GOLDWATER INSTITUTE FOR PUBLIC POLICY RESEARCH; Gabriela Ascencio, representing self

Testified as neutral:

Aiden Fleming, Arizona Department Of Education

Testified as opposed:

Roseanne Lopez, representing self; Anita Mosesman, representing self; Tory Anderson, SECULAR COALITION FOR ARIZONA; Larry Herrera, representing self; Stacey Morley, AZ EDUCATION ASSN; Janice Palmer, AZ School Boards Assn; Mark Barnes, AZ SCHOOL ADMINISTRATORS ASSOC; Juliana Horwin, representing self

Support:

Jonathan Butcher, representing self; Jose Borrajero, representing self; Julie Batt, representing self; Matthew Ladner, representing self; Tom Holding, representing self; Lyle Tuttle, representing self; martha hayes, representing self; Staci Burk, Gilbert Unified Governing Board Member, representing self; Terry Hill, representing self; Buffalo Rick Galeener, representing self; Joyce Hill, representing self; Boaz Witbeck, AMERICANS FOR PROSPERITY AZ; William C Holmes, representing self; joy staveley, Chairman, Coconino County Republican Committee, representing self; Thomas Woodrow, representing self; Christine Maceri Genge, representing self; Dennis Genge, representing self; Joseph Pikosz, representing self; Susan Hicks, representing self; Bryan Lee Briggs, representing self; Sandi Bartlett, representing self; Lynne Weaver, representing self; Scot Mussi, Arizona Free Enterprise Club; Ellen Hatch, representing self; Josh Kredit, CENTER FOR ARIZONA POLICY; Ron Johnson, AZ CATHOLIC CONFERENCE; Jaimie Kleshock, representing self; ramona carrasco, representing self; Janelle Solomon, representing self

Oppose:

Gary Kemp, representing self; Karen Loftus, representing self; Blake Sacha, representing self; Anne & Alfonso Velosa, representing self; William Coniam, representing self; Kathryn Kozak, representing self; Paul Tighe, representing self; Whitney Crow, representing self; Craig Hazeltine, representing self; Robbie Koerperich, representing self; John Wurm, representing self; Paul Kulpinski, representing self; cheri mccloskey, representing self; Sara Smith, representing self; Julia Winn Bacon, representing self; Dee Puff, representing self; Heather Heroldt, representing self; Tamra Brady, representing self; Alice Stambaugh, representing self; Steve Chestnut, representing self; Kim Khatibi, representing self; Brenda Bartels, representing self; Patrice Kennedy, representing self; Charles Essigs, Director of Government Relations, Arizona Association Of School Business Officials; Kristine Morris, representing self; Amy Arnold, representing self; Andrea Misino, representing self; Linda Lyon, representing self; Donna Davis, representing self; Anne Greenberg, representing self; Arthur Rogers, representing self; Julianne Hartzell, representing self; Mariana Spier, representing self; Rivko Knox, representing self; Tiffany Seay, representing self; Sonya Tenney, representing self; Sarah Ells, representing self; Susan Ashcraft, representing self; Richard Hopkins, representing self; Ruth Ellen Elinski, representing self; Barry Aarons, ARIZONA ASSOCIATION OF COUNTY SCHOOL SUPERINTENDENTS; Geoff Esposito, Arizona School Boards Association; Erin Hart, representing self; Cheryl Hasebe, representing self; Bill Gates, representing self; Christy Miller, representing self; Jeff Goodman, representing self; Kathryn Knecht, representing self; Melissa Lempke, representing self; Kari Workman, representing self; Jaclyn Hoerner, representing self; Laura Jansen, representing self; Stephanie Parra, representing

self; Elizabeth Othon, representing self; Christie Silverstein, representing self; Edith Stock, representing self; Nancy Pfafflin, representing self; Francesca Thomas, representing self; Jennifer Armstrong, representing self; Stanford Prescott, representing self; Barbara Braden, representing self; Elizabeth Spilotro, representing self; Heather Morzinski, representing self; doreen zannis, representing self; Jana Hutchins, representing self; Linda Polito, Polito Associates; Amy Bhola, representing self; Angelia Ebner, representing self; Jill Humpherys, representing self; William (Bill) Adams, representing self

All Comments:

Gary Kemp, Self: As a School Board member, I am concerned about the ability to monitor these vouchers and taking money from public schools; Karen Loftus, Self: New accounts w/out financial oversight is irresponsible. Fight for our kids!; Blake Sacha, Self: oppose expansion of this program - no oversight and no guarantee where the money goes; Anne & Alfonso Velosa, Self: This bill lacks any accountability, and we should choose to invest in public schools over privately-owned institutions.; William Coniam, Self: Parent; Whitney Crow, Self: Speaking as a school district superintendent: The legislature continues to insist on accountability for schools, yet here we have a bill that places no accountability on spending. Quite the double standard. Keep public money public and vote no.; Craig Hazeltine, Self: NO TO SNEAK ATTACK! As a grandparent and a concerned citizen, I am opposed to this unlimited universal expansion of ESAs. The public has said no to vouchers in the past; no end run now. Use public money for public schools via accountable programs.; Robbie Koerperich, Self: Public money for public education! Who will manage this? Bad decision for Arizona, please represent the public interest not private interest.; John Wurm, Self: This bill does not promote the interests of Arizona or its school age children. Arizona needs a strong community based educational system that reinforces our social contract. Education based upon the profit motive will destroy this effort.; Paul Kulpinski, Self: This bill would expand a program that lacks effective oversight of tax payer dollars. Even the Department of Education is concerned that they cannot prevent fraud and abuse with these vouchers. I urge you to vote no on HB2482.; cheri mccloskey, Self: I've been trough the private system. I am opposed to this massive, costly expansion of public dollars to private institutions This bill lacks good accountability, and we should choose to invest in public schools over privately-owned institutions; Sara Smith, Self: As a board member I know this bill will hurt our district financially by taking public money away from public schools. I heard testimony last year in Ed committee of the lack of accountability for the vouchers. This is bad for public schools.; Julia Winn Bacon, Self: No accountability for public funds is NOT how our tax dollars should be spent.; Roseanne Lopez, Self: I am against taking public tax money and putting it toward private or charter schools which have no financial oversight. I also believe this robs high quality public schools for ALL children. You must stop this bill.; Dee Puff, Self: As a Board member I am greatly concerned about the negative consequences of this bill. Monies needed for public education would be siphoned off for private, unmonitored institutions. We must spend available public dollars on public schools.; Heather Heroldt, Self: Please NO! There is not enough oversight for these vouchers, and even DOE says they can't ensure proper use.; Tamra Brady, Self: I am a parent who opposes this huge expansion of public dollars with no real accountability. ESA money is currently being used to buy TV's, tablets, and abortions, and not an education. Where is the oversight and accountability? Do not expand this.; Alice Stambaugh, Self: This would finalize the creation of a voucher system, which allows students to attend schools using public monies, that are NOT required to operate under the same standards, thus putting traditional public schools at a disadvantage.; Steve Chestnut, Self: As superintendent of Maricopa Unified SD, I am opposed to this expansion of public dollars to private institutions. This bill lacks real accountability. We should invest in public schools over privately-owned institutions. Please oppose this bill.; Kim Khatibi, Self: Please protect tax payer education money and vote NO on 2482; this expansion provides little accountability for quality education for students and provides a means to privatize public Ed and profit businesses, not students; Julie Batt, Self: Every child should have the opportunity for a customized education that ESAs provide.; Brenda Bartels, Self: With all the concerns that education dollars don't make it to the classroom then why would you be trying to expand a program that hasn't been able to guarantee

that those dollars are truly benefiting the children in question? Truly irresponsible.; Patrice Kennedy, Self: As a school board member I am opposed to this continuing effort to siphon public tax dollars into the pockets of private business with no accountability. Last year it was reported that a woman used these vouchers to buy TVs tablets & an abortion!; Kristine Morris, Self: Opposed to this massive, costly expansion of public dollars to private institutions. This program lacks any real accountability for public funds.; Andrea Misino, Self: No accountability. No quality assurance. It's stealing tax payer money and further defunding traditional public schools, the choice of 85% of Az families. No way.; Staci Burk, Self: Please vote AYE! Give parents the choice to decide the best education direction for their child. This program has been amazing for disabled kids. I know many kids that are making better academic progress under this program than they ever had before.; Marc Ashton, Self: I am a parent that used the ESA for my blind son. It works.; Linda Lyon, Self: This program lacks real accountability & provides taxpayers no way to ascertain return on investment. When "funding follows the child" out of district schools, expenses don't proportionally decline. I am a school board member & oppose this bill.; Donna Davis, Self: There's no way to prevent fraud with my tax dollars with this bill!; Anne Greenberg, Self: As a school board member, I adamantly oppose this bill, which lacks any real accountability - reports say ESA \$ paid for an abortion and TVs. State funds should be invested in public schools, not privately owned institutions with closed doors.; Vicki Alger, Self: ESAs improve academic and social outcomes for students at a fraction of the cost to taxpayers. All AZ students should have the option for personalized learning customized by those who know and love them best: their parents.; Anita Mosesman, Self: I am concerned about this bill because there is not sufficient oversight which leads to fraud and abuse of tax dollars meant for education. The ADE has stated the same concerns. This is not a good bill.; William C Holmes, Self: This is the only way we will get better quality education with some competition in the schools.; Arthur Rogers, Self: Please vote NO on this proposed legislation. ESAs originally were to be limited to a very special need. Unfortunately, there has been some expansion. These take money from public schools for private uses which I believe is quite questionable.; Thomas Woodrow, Self: Expanding school choices is a good idea; Julianne Hartzell, Self: Program lacks effective oversight. Costly expansion of public dollars to private institutions.; Rivko Knox, Self: Don't destroy the public schools that are the envy of people all over the world!!!; Tiffany Seay, Self: There is NO accountability for oversight for empowerment scholarships and this is WRONG. To hear that people are using tax payer money with no accountability, is extremely frustrating. We need to support our PUBLIC district schools.; Sonya Tenney, Self: I'm a Republican who votes in primaries. I'm against this bill because of the lack of oversight of the funds. Appropriations is looking at zero-based budgeting to be as efficient as possible, and then you consider this bill that's so hard to regulate; Katherine Visser, Self: I am an ESA parent and I am for for this bill. The ESA gives real accountability to the tax payers and parents. I have the freedom required to meet my children's unique and individual needs. Every child deserves a chance at a real education.; Tory Anderson, SECULAR COALITION FOR ARIZONA: We oppose the expansion of public dollars utilized for private religious education.; Sarah Ells, Self: With no accountability, this amounts to irresponsible stewardship of tax dollars for education. Sarah Ells, Flagstaff USD Governing Board Member; Susan Ashcraft, Self: Please do not give more public money to private schools. There are no accountability measures to follow this money to be sure that tax dollars are spent appropriately.; Ruth Ellen Elinski, Self: We cannot possibly make those who receive these supports accountable. I ask you to support PUBLIC schools and those families who are CHOOSING public institutions to educate their children which is the overwhelming majority of Arizona families.; Erin Hart, Self: (Expect More AZ) While we are supportive of school choice where it advances a world-class education for all children, we are concerned that such a broad expansion of ESAs will undermine Az's accountability system & limit transparency of taxpayer \$.; Ellen Hatch, Self: All children should have the chance for the best education their state money can buy!; Cheryl Hasebe, Self: I am strongly opposed to this bill. We should invest in public schools rather than allow a massive, costly expansion to private institutions. This bill lacks real accountability: a women used the voucher for a TV, tablets and an abortion.; Christy Miller, Self: This bill lacks any real accountability, and we should choose to invest in public schools over privately-owned institutions.; Kathryn Knecht, Self: Vouchers like this are intended to diminish public

school districts which serve some 83% of students in AZ. I would hope our legislators would work to strengthen districts. Not weaken them.; Melissa Lempke, Self: Let's focus on legislation that supports the success of EVERY student, regardless of their background or zip code.; Larry Herrera, Self: such a broad expansion of ESAs will undermine Arizona's accountability system and will limit transparency of taxpayer dollars.; Kari Workman, Self: While I am supportive of school choice where it advances the best education for all children, I am concerned that such a broad expansion of ESAs will undermine Arizona's accountability system and will limit TRANSPARANCY of taxpayer dollars.; Stephanie Parra, Self: This takes away resources from our public school districts, as a board member at Phoenix Union High School District, I am opposed to this bill. Stephanie Parra; Edith Stock, Self: Huge outlay of \$\$\$ to private institutions without effective accountability. Already reported fraudulent activity with current process. No expansion please. Current school board member.; Nancy Pfafflin, Self: I strongly oppose the diversion of dollars from the support of a strong public education system, regardless of the means used, in this case tax credit donations for scholarship accounts.; Francesca Thomas, Self: Vouchers have never been shown to improve student achievement. Furthermore, the complete lack of accountability in this bill for the people's taxes should give us all concern. Please vote no.; Barbara Braden, Self: You ask that schools be rewarded for achievement in other legislation. With this legislation you create chaos and uncertainty. As an analogy, you have 3 children at home, two decide they want to live outside the home. What would do? Pay for it?; Elizabeth Spilotro, Self: Expanding a program that lacks any meaningful oversight and has already been subject to corruption is irresponsible and unacceptable. Investments need to be made in our traditional public school system as reflects the will of the people.; Heather Morzinski, Self: I'm a Republican parent and I'm against this bill. This bill will drain millions of dollars from our district schools, which are still desperately needed by most Arizonans, without enough oversight to ensure the dollars will be used as intended.; doreen zannis, Self: I'm a public district school parent and a member of the AZ Parent Network. We value #PublicDollarsForPublicEducation #PrivateDollarsForPrivateEducation and #EquitableStableSufficientFunding for AZ's public education system .; Jana Hutchins, Self: This bill would take away money from public schools and AZ Spending per student is at the bottom of the barrel nationally - we need to stop trying to annihilate public ed dollars. We must support public education with the budget our kids deserve.; Linda Polito, Polito Associates: Eligibility should not be expanded.; Amy Bhola, Self: This bill lacks any real accountability, and we should choose to invest in public schools over privately-owned institutions.; Angelia Ebner, Self: Opposed to this massive, costly expansion of public dollars to private institutions This bill lacks any real accountability, and we should choose to invest in public schools over privately-owned institutions.; Jill Humpherys, Self: This program has insufficient oversight, accountability, transparency and is fiscally irresponsible! Please vote NO! We are 48th in the nation for state funding of public education. District school funding is mandated by the state constitution.

HB2494, tax credit; concealed weapon permits

Support:

Frederick Dahnke, representing self; Thomas Woodrow, representing self; Johnathan Carroll, representing self; Sandra Thoms, representing self; Bob Morken, representing self; Joseph Larrabee, representing self; Michael Malo, representing self; Paul Nicholls, representing self; Jim Foster, representing self; Dallin Kanaga, representing self; Mark Mullins, representing self; Onita Davis, representing self; todd hills, representing self; Charles Stury, representing self; Ron Williams, representing self; Michael Kriegel, representing self; Todd Chesney, representing self; John Semon, representing self; Philip Hubacek, representing self; Lottie Kaehlert, representing self; Cosme Borunda, representing self; Scott Heggem, representing self; David Shreeve, representing self; William Pooley , representing self; james delton, representing self; J.R. Morris, representing self; Bruce Johnson, representing self; William Simotti, representing self; David Schafranka, representing self; David Fisher, representing self; R Mark

Russell, MD, representing self; Lawrence Wangler, representing self; David Riley, representing self; Rogelio Hermosillo, representing self; Barry Spinka, representing self; Michael Millar, representing self; Kelley Brown, representing self; Tom Holding, representing self; Jonathan Massey, representing self; Ralph Granchelli, representing self; David Pool, representing self; Gerald Aronica, representing self; Merrill Onigkeit, representing self; Timothy Mathew, representing self; Randy Brumund, representing self; Richard Segui, representing self; Phillip D'Amour, representing self; Scott Lolmaugh, representing self; David Thompson, representing self; C D Tavares, representing self; Chris Byers, representing self; Clifford Aikens, representing self; Richard Musser, representing self; Raymond Perry, representing self; Albert Turk, representing self; Kevin Brake, representing self; Dan Treanor, representing self; Kurt Keltner, representing self; Michael Mowrey, representing self; Tom Thomas, representing self; Dave Hollenbeck, representing self; Jim Dutton, representing self; Michael Halbur, representing self; James Schouten, representing self; Don Page, representing self; Shane Stickney, representing self; A. T. Brown, representing self; Martin Rubin, representing self; Maurice Horner, representing self; Craig Corbin, representing self; Jeff Hickman, representing self; Larry Timmerman, representing self; Robert Carbonneau, representing self; Lyle Tuttle, representing self; Scott Shelor, representing self; Ken Feldman, representing self; Frank Tucker, representing self; Alexander Pope, representing self; ROBERT DEWITZ, representing self; Walter Graham, representing self; Michael Gabrick, representing self; Michael Berryman, representing self; Steven Yockey, representing self; J.D. Schechter, representing self; James Collins, representing self; Joe McDaniel, representing self; Dominick Leo, representing self; Michael Kinader, representing self; George Bauernschmidt, representing self; Jason Boulware, representing self; Doug Nickle, representing self; James Warniers, representing self; Tim Lank, representing self; David Cardon, representing self; Morris Sahrhage, representing self; Alan Steiner, representing self; Philip Cirelli, representing self; Patrick Clark, representing self; Bill Braxton, representing self; Gerald Bassett, representing self; Roy Potter, representing self; Susan Fowler, representing self; Peter Gromada, representing self; Jared W Brown, representing self; Chad Burton, representing self; Peter Alford, representing self; David Ginsburg, representing self; Jack Wilborn, representing self; Brandy Baron, representing self; Buffalo Rick Galeener, representing self; Kenneth Rasbach, representing self; Alan and Marsha Anderson, representing self; Glen Dudley, representing self; Bryan Lee Briggs, representing self; Dustin Whaley, representing self; Linda Quinn, representing self; Jim Orosel, representing self; Robert Messenger, representing self; Martin Kroll, representing self; Vince Anselmo, representing self; Roland Sleater, representing self; Billie Bollwinkel, representing self; Lucas Feringa, representing self; Michael Wixom, representing self; Stephen Nolan, representing self; Robert Tomich, representing self; F. Thomas Fiedler, representing self; Gary Johnson, representing self; Kenneth W. Gareau, representing self; Theodore Farmer, representing self; William Batchelor, representing self; Richard Hofelich, representing self; Christine Maceri Genge, representing self; Dennis Genge, representing self; Willie Stubbs, representing self; Matt Nelson, representing self; Dave Kopp, Manager, AZ CITIZENS DEFENSE LEAGUE INC; JUDITH MARSHALL, representing self; GEORGE MARSHALL, representing self; Steve Sorgnit, representing self; Purdy Hart, representing self; Dumoan Lee, representing self; Daniel Reid, National Rifle Association; Lon Robinson, representing self; Elisha Dorfsmith, representing self

Neutral:

Sean Laux, AZ DEPT OF REVENUE

Oppose:

Mary Pradelt, representing self; Karen Peters, representing self; Dawn Tripp, representing self; Kathryn Rose, representing self; Eve Shapiro, representing self; Nick Collins, representing self; Madeleine Wachter, representing self; Becky Boudway, representing self; Paige Wambold, representing self; Susan Bergesen, representing self; Sam Richard, PROTECTING ARIZONA'S FAMILY COALITION; Erica Sussman, representing self; Kirin Goff, representing

self; Pat VanMaanen, representing self; Bill Gates, representing self; Zaida Dedolph, representing self; Linda Polito, representing self

All Comments:

Johnathan Carroll, Self: This is a great idea and I support it 100%.; Michael Malo, Self: Please pass without hostile amendments; Paul Nicholls, Self: I support this bill as it encourages firearms safety training especially for lower income citizens.; Jim Foster, Self: to pass out of committee; Dallin Kanaga, Self: I believe pass this bill will result in more people becoming better educated about firearm law and safety; todd hills, Self: i urge this to be passed. an armed citizen is our first defense against criminal action in society. training is a deduction for our public safety employees; it should be for our armed citizens as well. thank you.; Charles Stury, Self: Please move this bill along.; Ron Williams, Self: Requiring a gov't fee for a constitutional right is unfair and similar to the 'Poll Tax' of ages past. This bill rectifies this. Please support it.; Todd Chesney, Self: Please pass out of committee. This will help get more people trained who are already carrying.; John Semon, Self: CCW training is a valuable tool to prevent accidents. Having a tax credit would give incentive to more people to get training.; Philip Hubacek, Self: This bill is an excellent idea to encourage gun owners to receive beneficial training for their decision to prepare for their own self-defense.; Scott Heggem, Self: Passage of this bill will help encourage people to take CCW classes. The more training people have regarding proper use or firearms the better off we are as a society. I strongly encourage passage of this bill.; David Shreeve, Self: Passage of this bill would encourage low income firearm owners to get valuable training.; William Pooley, Self: I believe this would get more citizens to get the best training to carry concealed; james delton, Self: Please support this. Citizens should at least get some relief of the cost of exercising their rights.; J.R. Morris, Self: I strongly urge a "Yes" vote out of committee.; William Simotti, Self: A tax credit is a great incentive to AZ law abiding citizens to take firearms safety training especially those on a low income.; David Fisher, Self: Excellent idea.; Rogelio Hermosillo, Self: It is a good bill that will help those who itemize their income tax forms, in these economically tough times.; Barry Spinka, Self: This is a good bill for freedom and for those who accept the responsibility for protecting themselves and their love ones. We all know that LEOs can not be everywhere 24/7.; Kelley Brown, Self: Please push this through.; ralph Granchelli, Self: Please pass and move this bill out of committee. Please pass this bill.; David Pool, Self: Excellent proposal, this will encourage more people to seek training; Randy Brumund, Self: I WOULD LIKE TO LEND MY SUPPORT TO THIS BILL (HB2494). THE MORE CCW CITIZENS THERE ARE, THE LESS LIKELY THAT CRIMINALS WILL PLY THEIR TRADE. THIS BILL WILL HELP IN THAT EFFORT.; Phillip D'Amour, Self: Pass out of committee; Scott Lolmaugh, Self: I strongly urge the committee to allow HB 2494 pass out of committee.; David Thompson, Self: This would encourage training by individuals.; C D Tavares, Self: Please pass this bill out of committee. Thank you.; Chris Byers, Self: This needs to move forward.; Richard Musser, Self: This will help people with lower income to be better trained for legal carry; dan treanor, Self: I support hb2494; kurt keltner, Self: please pass 2494. thank you; Tom Thomas, Self: why not have the government provide a tax credit. We can direct our tax dollars where we want for a change and the more people with CCW permits the safer we are.; Dave Hollenbeck, Self: An Informed Public is safer for everyone; Jim Dutton, Self: We need sensible legislation like this.; Michael Halbur, Self: Strongly agree with this legislation; James Schouten, Self: Support this bill; Mary Pradelt, Self: There is no evidence that people with CCW permits contribute to public safety; therefore there is no justification for the public to subsidize their training; a. t. brown, Self: Please do not infringe my right to self defense. This bill will help assure that I am not a victim of the criminal elements in our society. Pass HB2494; Craig Corbin, Self: Please pass this out of committee. Thanks; Ken Feldman, Self: Please pass this bill to encourage more people to obtain personal protection.; Alexander Pope, Self: This is a true common sense, bill we all want our citizens to be safe with firearms and know the laws. SO lets help them get training.; Michael Gabrick, Self: Citizens who take the time to educate themselves about the laws and best practices of carrying a gun are a valuable asset to our society. Educating concealed carriers will save the state money in court costs. This is a no brainer.; J.D. Schechter, Self: This measure would not only ensure more people - whether they choose to carry or

not - obtain necessary training, but boost the economy by raising the income of trainers as well as the taxes they pay on that income. A clear win - win for Arizona.; James Collins, Self: The first level of defense in our state are those who are registered to conceal carry. Let's allow them a small deduction for their loyalty and efforts to keep Arizonans safe from predators.; Joe McDaniel, Self: I support the tax credit for CCW permits, but it should apply not just to CCW permit classes, but all acceptable firearms training classes. Firearms training should be encouraged beyond just the CCW permit.; Dominick Leo, Self: I think any incentive for citizens to be encouraged to pursue firearms training if they are intent on owning/carrying a firearm is good for them and society; Doug Nickle, Self: I strongly support a tax benefit for citizens willing to responsibly practice their right to keep and bear arms. I believe citizens who wish to carry concealed should hold themselves to a higher standard and thus earn tax credits for their vigilance.; James Warniers, Self: I am for sending it to committee.; Tim Lank, Self: This will promote more educated gun carriers by making it less costly to get adequate training versus non-ccw gun carriers with no training.; David Cardon, Self: This is an excellent way to encourage carriers to get training.; Morris Sahrhage, Self: This would lower cost burden on those who need it the most. Morris Sahrhage wb7bv@cox.net; Philip Cirelli, Self: Creates an incentive to professionally train in the proper use of a firearm; Patrick Clark, Self: I strongly urge the passing of this bill. Thank you.; Susan Fowler, Self: I urge you to support HB2494; Jared W Brown, Self: I feel the tax credit would go a long way to help Arizona having a well Regulated Militia buy making it more afford able to get the CCW training win police or need there mins away the fact is the people our always closer danger; David Ginsburg, Self: Concealed weapons permits and training enhance public safety.; Buffalo Rick Galeener, Self: This needs to be advanced!; Kenneth Rasbach, Self: This bill would help educate people on gun safety and responsibilities of carrying a fire arm.; Alan and Marsha Anderson, Self: As a state/county/local mandated revenue, the cost of CCW licensing and training should be granted a tax credit status. Please pass bill out of committee for full House consideration at the earliest opportunity.; Vince Anselmo, Self: This measure will help strengthen the 2nd Amendment rights to bear arms and is a definite plus in citizens being able to defend life and liberties.; F Thomas Fiedler, Self: With the threat of attacks such as we see in Bopston, Texas, San Bernadino, France, Sweden, Germany and Norway we need to encourage as many responsible concealed carry permits as possible.; Gary Johnson, Self: I support CCW training for all law abiding citizens. This bill will assist those citizens who may have financial difficulty.; Karen Peters, Self: I would like to speak against this bill.; Dawn Tripp, Self: I don't want more Arizonans carrying and I sure as heck don't want to help to pay for such a scheme.; Kathryn Rose, Self: This bill is completely unnecessary and could cost the state more than \$2 million a year--funds that could be spent on education. A better bill would be to require firearms training not at taxpayer expense for ALL guns sold.; Eve Shapiro, Self: There is no justification for this! Why should taxpayers subsidize someone's desire to have a CCW permit? Will we buy their guns next?! One source estimates the potential cost to taxpayers would be at least \$2,000,000 a year.; Theodore Farmer, Self: I am not a big fan of tax credits, however I believe that this bill will enhance the safety of all Arizona citizens and will promote gun safety. Please support this bill; Nick Collins, Self: If someone wants to own a gun, they should have to pay for their own gun, bullets and permit. Please OPPOSE HB2494; Willie Stubbs, Self: This will go a long way to ensuring everyone's safety by having well trained and competent gun owners.; Madeleine Wachter, Self: What a terrible idea to give away taxpayer money to private gun owners instead of using our state resources to keep guns out of the hands of criminals, those who are seriously mentally ill, or those suspected of being a terrorist threat.; Becky Boudway, Self: Unreasonable to assume that citizens with concealed weapons contribute to public safety especially not to the tune of \$2,000,000 in a state scraping for education funding for our young people.; Susan Bergesen, Self: Firearms carriers must be responsible for own training; not taxpayers. Won't help general public safety; law enforcement mostly opposed; \$\$ better spent on education, health, solar, and promoting economy; no other state permits get tax subsidy.; Sam Richard, PROTECTING ARIZONA'S FAMILY COALITION: Among other troubling aspects of this proposed measure, the bill would reduce general fund revenue at a time when our economy is still in recovery. Any measure that would reduce state revenues is premature.; Matt Nelson, Self: Please vote yes on this bill. This is a very good use of a a

tax credit.; Pat VanMaanen, Self: Arizona is strong on personal responsibility; personal funds not state fund should pay for this training. Or you should be looking at paying for ALL safety programs including safe driving courses as auto accident prevention is important too.; Bill Gates, Self: In this state it's the individual's responsibility to make sure he or she knows how to operate a gun safely. Providing a tax credit is an annual \$2 million gift to gun owners from the state treasury. Awful use of tax revenue. Strongly opposed!; JUDITH MARSHALL, Self: I support this bill and ask that you vote yes for this bill.; GEORGE MARSHALL, Self: I support this bill and ask that you vote yes for this bill.; Purdy Hart, Self: I am in support of this bill that will help encourage citizens to increase their level of firearms training.; Zaida Dedolph, Self: This bill has the potential to reduce general fund revenues. At a time when our economy is still in recovery, any measure that would reduce state revenues is premature.; Elisha Dorfsmith, Self: This legislation will promote and foster the responsible use of guns.

HB2498, cigarette tax stamps; distributor discount

Testified in support:

Nick Simonetta, Arizona Complete (Tobacco Distributors)

Testified as neutral:

Sean Laux, AZ DEPT OF REVENUE

Support:

PHILIP SCHWARTZ, representing self

Oppose:

Paige Wambold, representing self; Erica Sussman, representing self; Zaida Dedolph, representing self

All Comments:

Zaida Dedolph, Self: This bill has the potential to reduce general fund revenues. At a time when our economy is still in recovery, any measure that would reduce state revenues is premature.



HOUSE OF REPRESENTATIVES

HB 2054

debt limitations; net assessed value

Prime Sponsor: Representative Mitchell, LD 13

X Committee on Ways and Means

Caucus and COW

House Engrossed

OVERVIEW

HB 2054 clarifies that joint technical education districts, school districts, counties, cities and towns are required to base bond indebtedness limits on the net assessed value (NAV) of the full cash value (FCV) of all properties within their jurisdiction.

PROVISIONS

1. Specifies that each of the following entities are to base bond indebtedness limits on the NAV of the FCV of all properties within their jurisdiction:
 - a. joint technical education districts
 - b. school districts
 - c. counties
 - d. cities and towns
2. Makes technical and conforming changes.

CURRENT LAW

Full Cash Value- synonymous with market value, the estimate of value that is derived annually by using standard appraisal methods and techniques.

Net Assessed Value- the value derived by applying the assessment ratio to the FCV or limited property value (LPV), minus any exempt property (A.R.S. § 42-11001).

ADDITIONAL INFORMATION

On July 31, 2015, Attorney General Mark Brnovich released an opinion (No. 115-007) regarding the calculation of bond indebtedness. The question asked of the Attorney General was whether school districts should base their bond indebtedness on the FCV or the LPV. The conclusion reached by Attorney General Brnovich was that the net assessed value of the full cash value should be used for the calculation of bond indebtedness.

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON _____ WAYS AND MEANS _____ BILL NO. HB 2054

DATE February 1, 2016 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Bolding	✓	✓			
Mr. Cardenas		✓			
Mr. Mesnard		✓			
Mr. Olson		✓			
Ms. Ugenti-Rita					✓
Mr. Weninger		✓			
Mr. Wheeler		✓			
Mr. Kern, Vice-Chairman		✓			
Mr. Mitchell, Chairman		✓			
		8	0	0	1

APPROVED:



DARIN MITCHELL, Chairman
ANTHONY KERN, Vice-Chairman



COMMITTEE SECRETARY

ATTACHMENT 4



HOUSE OF REPRESENTATIVES

HB 2151

tax credit; teachers' school supplies

Prime Sponsor: Representative Weninger, et al., LD 17

X Committee on Ways and Means

Caucus and COW

House Engrossed

OVERVIEW

HB 2151 allows a qualified school teacher (teacher) to claim a tax credit for purchased school supplies and materials beginning Tax Year 2016.

PROVISIONS

1. Allows a teacher to receive a tax credit for educational supplies and materials purchased by the teacher and used in the teacher's classroom.
2. Stipulates the credit is the retail price of the supplies and materials and cannot exceed \$400.
 - a. If both a husband and wife are both teachers and filing a joint return they are authorized to include expenses incurred by both spouses but no more than \$400 of expenses per spouse.
3. Permits a five year carryforward of the credit.
4. Adds the tax credit to the Joint Legislative Income Tax Credit Review Committee review schedule.
5. Defines *qualified school teacher*.
6. Contains a retroactive effective date of January 1, 2016.
7. Makes a conforming change.

CURRENT LAW

Not currently addressed in statute.

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2151

(Reference to printed bill)

1 Page 1, between lines 19 and 20, insert:

2 "Sec. 2. Section 43-1021, Arizona Revised Statutes, is amended to
3 read:

4 43-1021. Additions to Arizona gross income

5 In computing Arizona adjusted gross income, the following amounts shall
6 be added to Arizona gross income:

7 1. A beneficiary's share of the fiduciary adjustment to the extent
8 that the amount determined by section 43-1333 increases the beneficiary's
9 Arizona gross income.

10 2. An amount equal to the ordinary income portion of a lump sum
11 distribution that was excluded from federal adjusted gross income pursuant to
12 the special rule for individuals who attained fifty years of age before
13 January 1, 1986 under Public Law 99-514, section 1122(h)(3).

14 3. The amount of interest income received on obligations of any state,
15 territory or possession of the United States, or any political subdivision
16 thereof, located outside the state of Arizona, reduced, for tax years
17 beginning from and after December 31, 1996, by the amount of any interest on
18 indebtedness and other related expenses that were incurred or continued to
19 purchase or carry those obligations and that are not otherwise deducted or
20 subtracted in arriving at Arizona gross income.

21 4. The excess of a partner's share of partnership taxable income
22 required to be included under chapter 14, article 2 of this title over the
23 income required to be reported under section 702(a)(8) of the internal
24 revenue code.

1 5. The excess of a partner's share of partnership losses determined
2 pursuant to section 702(a)(8) of the internal revenue code over the losses
3 allowable under chapter 14, article 2 of this title.

4 6. The amount by which the adjusted basis of property described in
5 this paragraph and computed pursuant to the internal revenue code exceeds the
6 adjusted basis of such property computed pursuant to this title and the
7 income tax act of 1954, as amended. This paragraph shall apply to all
8 property that is held for the production of income and that is sold or
9 otherwise disposed of during the taxable year, except depreciable property
10 used in a trade or business.

11 7. Any amount of agricultural water conservation expenses that were
12 deducted pursuant to the internal revenue code for which a credit is claimed
13 under section 43-1084.

14 8. The amount by which the depreciation or amortization computed under
15 the internal revenue code with respect to property for which a credit was
16 taken under section 43-1080 exceeds the amount of depreciation or
17 amortization computed pursuant to the internal revenue code on the Arizona
18 adjusted basis of the property.

19 9. The amount by which the adjusted basis computed under the internal
20 revenue code with respect to property for which a credit was claimed under
21 section 43-1080 and that is sold or otherwise disposed of during the taxable
22 year exceeds the adjusted basis of the property computed under section
23 43-1080.

24 10. The amount by which the depreciation or amortization computed under
25 the internal revenue code with respect to property for which a credit was
26 taken under either section 43-1081 or 43-1081.01 exceeds the amount of
27 depreciation or amortization computed pursuant to the internal revenue code
28 on the Arizona adjusted basis of the property.

29 11. The amount by which the adjusted basis computed under the internal
30 revenue code with respect to property for which a credit was claimed under
31 section 43-1074.02, 43-1081 or 43-1081.01 and that is sold or otherwise
32 disposed of during the taxable year exceeds the adjusted basis of the

1 property computed under section 43-1074.02, 43-1081 or 43-1081.01, as
2 applicable.

3 12. The deduction referred to in section 1341(a)(4) of the internal
4 revenue code for restoration of a substantial amount held under a claim of
5 right.

6 13. The amount by which a net operating loss carryover or capital loss
7 carryover allowable pursuant to section 1341(b)(5) of the internal revenue
8 code exceeds the net operating loss carryover or capital loss carryover
9 allowable pursuant to section 43-1029, subsection F.

10 14. Any amount deducted in computing Arizona gross income as expenses
11 for installing solar stub outs or electric vehicle recharge outlets in this
12 state with respect to which a credit is claimed pursuant to section 43-1090.

13 15. Any wage expenses deducted pursuant to the internal revenue code
14 for which a credit is claimed under section 43-1087 and representing net
15 increases in qualified employment positions for employment of temporary
16 assistance for needy families recipients.

17 16. The amount of any depreciation allowance allowed pursuant to
18 section 167(a) of the internal revenue code to the extent not previously
19 added.

20 17. With respect to property for which an expense deduction was taken
21 pursuant to section 179 of the internal revenue code in a taxable year
22 beginning before January 1, 2013, the amount in excess of twenty-five
23 thousand dollars.

24 18. The amount of a nonqualified withdrawal, as defined in section
25 15-1871, from a college savings plan established pursuant to section 529 of
26 the internal revenue code that is made to a distributee to the extent the
27 amount is not included in computing federal adjusted gross income, except
28 that the amount added under this paragraph shall not exceed the difference
29 between the amount subtracted under section 43-1022 in prior taxable years
30 and the amount added under this section in any prior taxable years.

31 19. The amount of discharge of indebtedness income that is deferred and
32 excluded from the computation of federal adjusted gross income in the current

1 taxable year pursuant to section 108(i) of the internal revenue code as added
2 by section 1231 of the American recovery and reinvestment act of 2009
3 (P.L. 111-5).

4 20. The amount of any previously deferred original issue discount that
5 was deducted in computing federal adjusted gross income in the current year
6 pursuant to section 108(i) of the internal revenue code as added by section
7 1231 of the American recovery and reinvestment act of 2009 (P.L. 111-5), to
8 the extent that the amount was previously subtracted from Arizona gross
9 income pursuant to section 43-1022, paragraph 24.

10 ~~21. For taxable years beginning from and after December 31, 2011~~
11 ~~through December 31, 2014, the amount of any deduction that is claimed in~~
12 ~~computing federal adjusted gross income for health insurance premiums or~~
13 ~~contributions to a health savings account for which a credit is claimed under~~
14 ~~section 43-1087.01.~~

15 22.—21. Amounts that are considered to be income under section
16 43-1032, subsection D because the amount is withdrawn from a long-term health
17 care savings account and not used to pay the taxpayer's long-term health care
18 expenses.

19 22. ANY EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS DEDUCTED
20 PURSUANT TO SECTION 62(a)(2)(D) OF THE INTERNAL REVENUE CODE TO THE EXTENT
21 THAT A CREDIT IS CLAIMED FOR THE SAME EXPENSES UNDER SECTION 43-1089.05."

22 Renumber to conform

23 Amend title to conform

JEFF WENINGER

2151WENINGER2
01/29/2016
12:23 PM
H: LM/rca

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2151

(Reference to printed bill)

- 1 Page 1, line 24, after the second comma insert "AND SUBJECT TO THE LIMIT PRESCRIBED
2 IN SUBSECTION D OF THIS SECTION,"
3 Between lines 39 and 40, insert:
4 "D. THE DEPARTMENT MAY NOT ALLOW TAX CREDITS UNDER THIS SECTION THAT
5 EXCEED IN THE AGGREGATE A TOTAL OF FIVE MILLION DOLLARS IN ANY FISCAL YEAR.
6 THE CREDITS ARE ALLOWED ON A FIRST-COME, FIRST-SERVED BASIS, ACCORDING TO THE
7 DATE THE TAXPAYER FILES THE INCOME TAX RETURN CLAIMING THE CREDIT. THE
8 CREDIT SHALL BE DENIED TO ANY TAXPAYER WHO FILES A RETURN CLAIMING A CREDIT
9 UNDER THIS SECTION AFTER THE MAXIMUM AMOUNT OF CREDITS ALLOWED BY THIS
10 SUBSECTION HAS BEEN CLAIMED."
11 Reletter to conform
12 Amend title to conform

DARIN MITCHELL

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01/29/2016
09:32 AM
C: dmt

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON _____ WAYS AND MEANS _____ BILL NO. HB 2151

DATE February 1, 2016 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Bolding		✓			
Mr. Cardenas		✓			
Mr. Mesnard		✓			
Mr. Olson			✓		
Ms. Ugenti-Rita					✓
Mr. Weninger		✓			
Mr. Wheeler			✓		
Mr. Kern, Vice-Chairman		✓			
Mr. Mitchell, Chairman		✓			
		6	2	0	1

APPROVED:



DARIN MITCHELL, Chairman
ANTHONY KERN, Vice-Chairman



COMMITTEE SECRETARY

ATTACHMENT 8



HOUSE OF REPRESENTATIVES

HB 2184

tobacco products; luxury tax refunds

Prime Sponsor: Representative Mitchell, LD 13

X Committee on Ways and Means

Caucus and COW

House Engrossed

OVERVIEW

HB 2184 allows a tobacco distributor to receive a luxury tax refund for any reason if the luxury is returned to the manufacturer or importer.

PROVISIONS

1. Allows a tobacco distributor to receive a luxury tax refund for any reason if the luxury is returned to the manufacturer or importer.
2. Removes the six-month deadline for providing proof of a return of a luxury in order to receive a luxury tax refund from the Department of Revenue (DOR).
3. Makes a conforming change.

CURRENT LAW

A.R.S. § 42-3008 requires a distributor to provide proof of the return of a luxury to DOR within six months of the product's return to the manufacturer or importer in order to receive a luxury tax refund.

A *distributor* is any person who manufactures, produces, ships or imports for the purpose of selling cigarettes without Arizona tax stamps affixed or roll-your-own tobacco or other tobacco products on which the taxes have not been paid (A.R.S. § 42-3001).

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON WAYS AND MEANS BILL NO. HB 2184

DATE February 1, 2016 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Bolding		✓			
Mr. Cardenas		✓			
Mr. Mesnard		✓			
Mr. Olson		✓			
Ms. Ugenti-Rita					✓
Mr. Weninger		✓			
Mr. Wheeler		✓			
Mr. Kern, Vice-Chairman		✓			
Mr. Mitchell, Chairman		✓			
		8	0	0	1

APPROVED:



DARIN MITCHELL, Chairman
ANTHONY KERN, Vice-Chairman



COMMITTEE SECRETARY

ATTACHMENT 10



HOUSE OF REPRESENTATIVES

HB 2256

tax subtraction; uniformed services pay

Prime Sponsor: Representative Brophy McGee, et al., LD 28

X Committee on Ways and Means

Caucus and COW

House Engrossed

OVERVIEW

HB 2256 allows an income tax deduction for income received for active service as a member of the Uniformed Services.

PROVISIONS

1. Extends the tax deduction for active duty members of the Armed Forces to all Uniformed Services, including United States Public Health Services (USPHS) officers and National Oceanic and Atmospheric Administration (NOAA) officers.
2. Makes technical changes.

CURRENT LAW

A.R.S. § 43-1022 authorizes an income tax deduction for income received as a member of the Reserves, the National Guard or Armed Forces of the United States, including service in a combat zone.

10 U.S. Code § 101 defines *Armed Forces* as the Army, Navy, Air Force, Marine Corps and Coast Guard and *Uniformed Services* as the Armed Forces as well as the commissioned corps of USPHS and NOAA.

HB 2256

Proposal to amend to A.R.S. § 43-1022(13)

Representative [Name], District [Number],
Columbus, Colorado

Proposed Amendment to A.R.S. § 43-1022(13)

- Current language:

In computing Arizona adjusted gross income, the following amounts shall be subtracted from Arizona gross income:

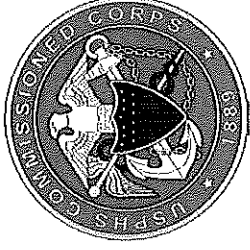
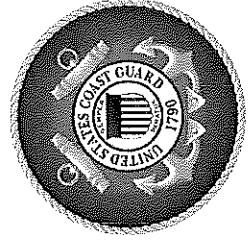
...

13. To the extent not already excluded from Arizona gross income under the internal revenue code, compensation received for active service as a member of the reserves, the national guard or the *armed forces* of the United States, including compensation for service in a combat zone as determined under section 112 of the internal revenue code.

- HB 2256 - Proposed Amendment: Delete the phrase “armed forces” and substitute “uniformed services.”
- Basis for the Proposed Amendment: The proposed amendment would add the commissioned corps of the United States Public Health Service and National Oceanic and Atmospheric Administration to those persons whose compensation is subtracted from gross income, making A.R.S. § 43-1022(13) consistent with the protections afforded to members of the uniformed services under the Servicemembers Civil Relief Act (SCRA) and Uniformed Services Employment and Reemployment Rights Act (USERRA)

“Armed Forces” vs. “Uniformed Services”

- “Armed forces” and “uniformed services” defined under federal law.
- There are seven “uniformed services” of the United States:
 - United States Army
 - United States Navy
 - United States Air Force
 - United States Marine Corps
 - United States Coast Guard
 - Commissioned Corps of the National Oceanic and Atmospheric Administration
 - Commissioned Corps (NOAA)
 - Commissioned Corps of the United States Public Health Service
 - Commissioned Corps (USPHS)



“Armed Forces” vs. “Uniformed Services”

- “Armed forces” means only “the Army, Navy, Air Force, Marine Corps, and Coast Guard.” See 10 U.S.C. §101(4).
- “Uniformed services” means “the armed forces” and “the commissioned corps of the National Oceanic and Atmospheric Administration [NOAA], and the commissioned corps of the Public Health Service [USPHS].” See 10 U.S.C. §101(5).
- Unlike the other five uniformed services, the commissioned corps of NOAA and USPHS are comprised only of officers commissioned by the United States Congress (i.e., no enlisted ranks).
- Commissioned corps of NOAA and USPHS hold military ranks, are paid through the Defense Finance and Accounting Service, and are eligible for a military pension after 20 years of active duty service.

“Armed Forces” vs. “Uniformed Services”

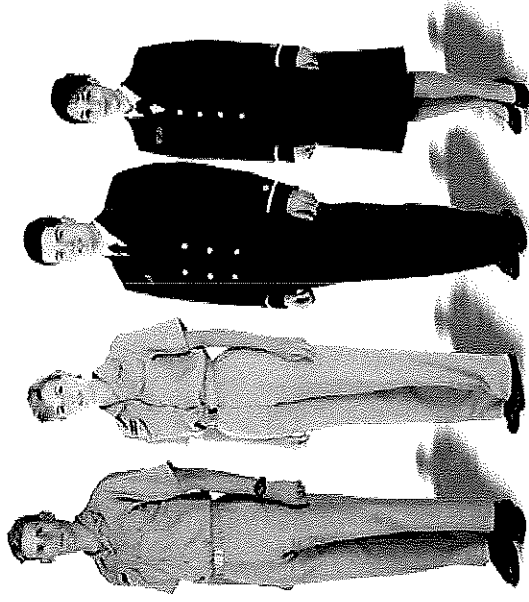
- As currently drafted, A.R.S. § 43-1022(13) applies to members of the “armed forces” of the United States, which by definition, excludes the commissioned corps of NOAA and USPHS.
- See Arizona Board of Tax Appeals, Case No. 201400014-I (2014)
 - The Director of the Arizona Department of Revenue affirmed the hearing officer’s decision applying the definition of “armed forces” under 10 U.S.C. § 101(4) to A.R.S. § 43-1022(13).
 - “If the Arizona Legislature wanted to include members of the [USPHS or NOAA] in the subtraction [from gross income], it could easily have used the term “uniformed service” or “servicemembers” or stated that the subtraction also applies to members of the Health Service on detail to the armed forces. As written, however, the subtraction is limited to members of the ‘armed forces.’”

What do NOAA and the USPHS do?



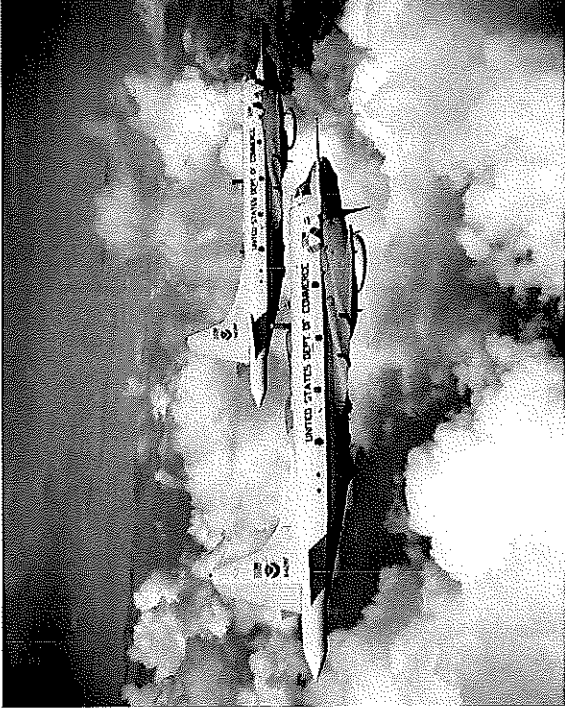
National Oceanic and Atmospheric Administration (NOAA)

- Established in 1917, but traces roots back to the U.S. Coast and Geodetic Survey, established in 1807.
- The NOAA commissioned corps consists of approximately 300 officers.



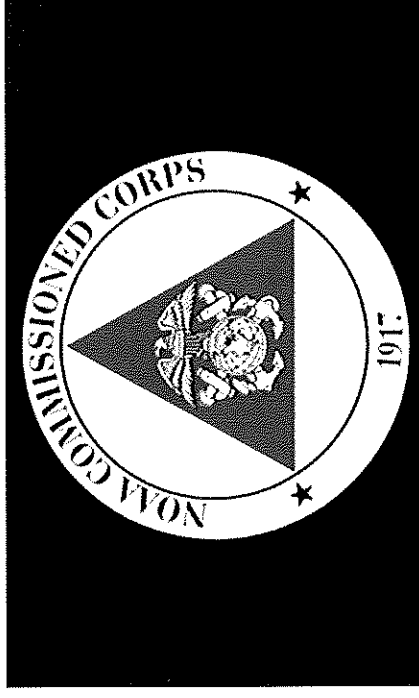
- Professionals trained in engineering, earth sciences, oceanography, meteorology, fisheries science, and other related disciplines.

National Oceanic and Atmospheric Administration (NOAA)

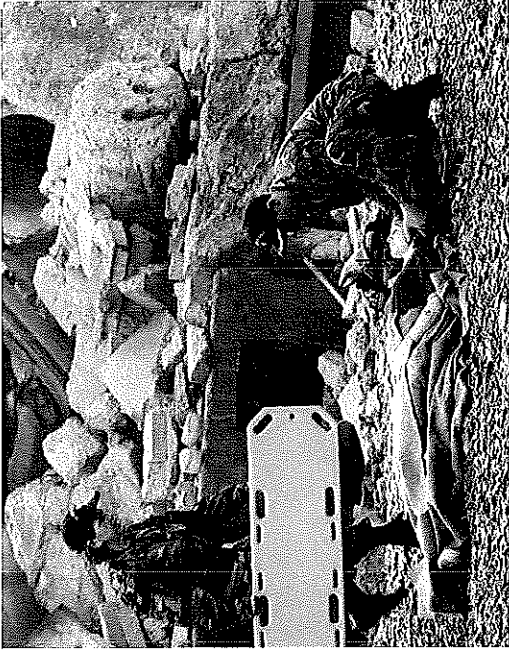


- NOAA commissioned corps supports agencies such as:
 - The National Environmental Satellite, Data and Information Service
 - The National Ocean Service
 - The National Weather Service
 - Office of Oceanic and Atmospheric Research

- Organized under Department of Commerce.
- NOAA officers were commissioned originally to receive protections under the International Law of Armed Conflict (i.e., Hague Convention, Geneva Conventions) if captured by enemy forces during coastal mapping and surveying.

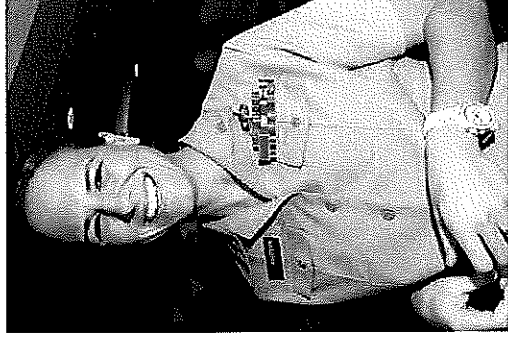
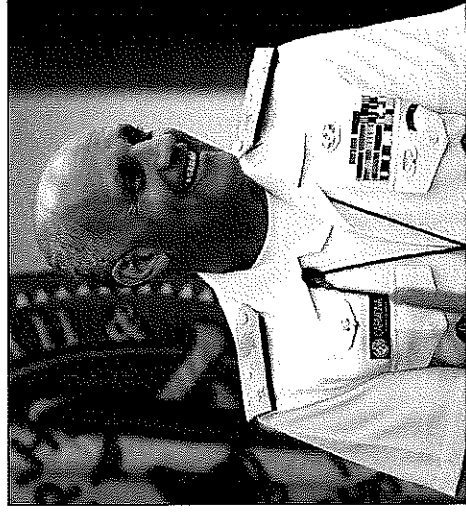


United States Public Health Service (USPHS)



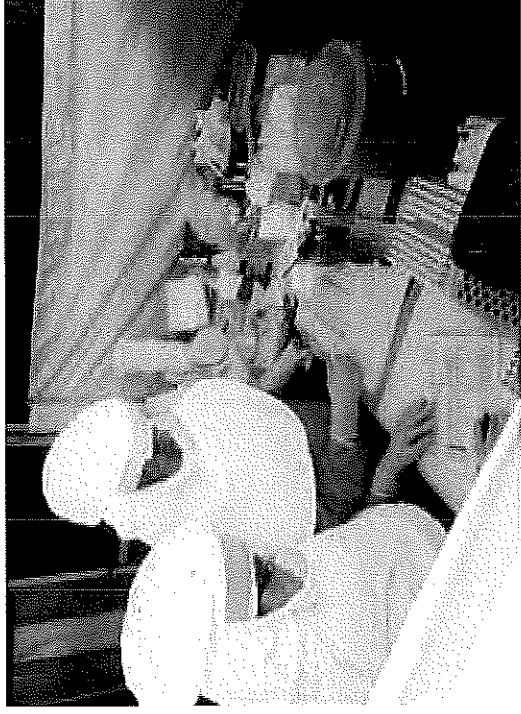
- Formed by Congress in 1889, but roots go back to Marine Hospital Fund formed in 1798.
- The USPHS commissioned corps consists of approximately 6000 medical professionals, engineers and scientists servicing national and international public health and disaster relief needs.

- Led by the Surgeon General of the United States, who holds the grade of vice admiral.
- Pictured right: Arizona resident Richard Carmona, former U.S. Surgeon General.



United States Public Health Service

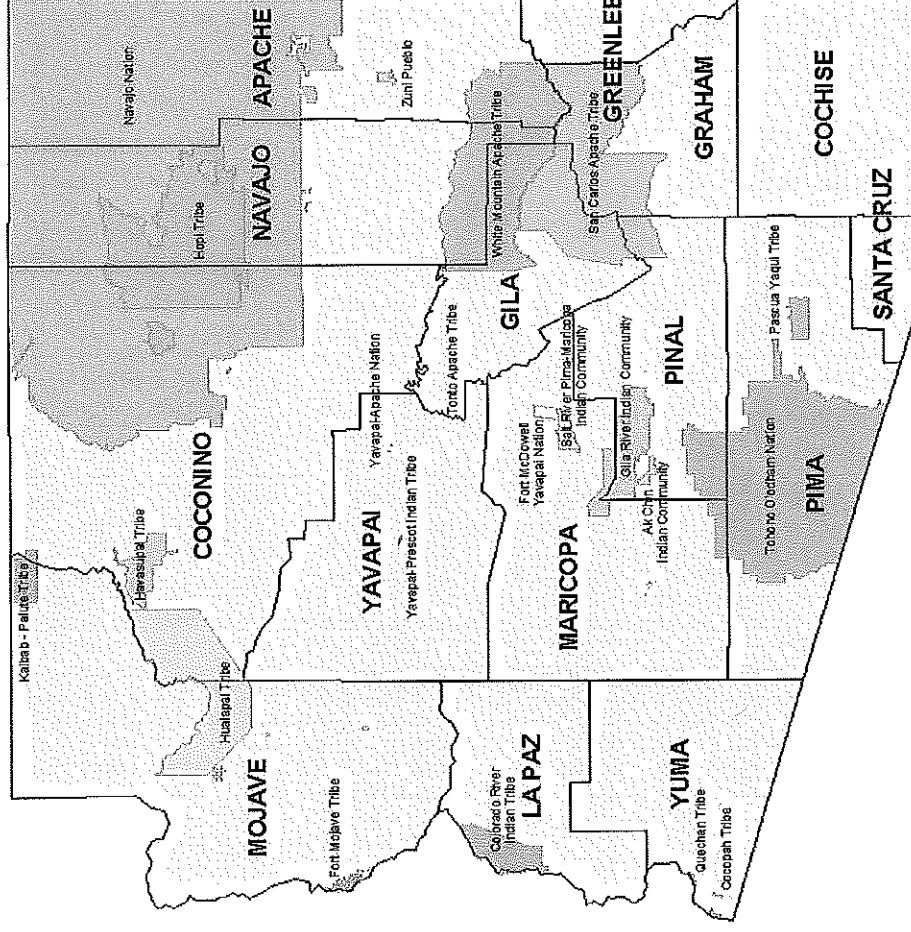
(USPHS)



- The USPHS commissioned corps supports a wide variety of federal agencies, including:
 - Center for Disease Control
 - Food and Drug Administration
 - National Institute of Health
 - Department of Justice
 - Indian Health Service
- Congress organized the USPHS commissioned corps along military lines with military ranks to allow for mobility and deployability.
- USPHS officers can be “militarized” during war or national emergency by the President. See 42 U.S.C. §§ 213, 217.
- Recent deployments include: 2010 – Haiti earthquake; 2012 – Hurricane Sandy; 2014 – Unaccompanied Minor Children immigration crisis; 2015 – Ebola outbreak response.
- Pictured above: USPHS officers in Sierra Leone during 2015 Ebola outbreak.

United States Public Health Service (USPHS)

- USPHS commissioned officers serve in Arizona's Native American hospitals with the Indian Health Service.
- Includes remote areas in Arizona, such as White River, Chinle, Tuba City, Window Rock, Sells, and Kayenta.
- Phoenix Indian Medical Center (16th St. & Indian School) staffed by USPHS commissioned officers.



Amending A.R.S. § 43-1022(13)

- Recognizing the burdens placed on all members of the uniformed services, and because all members of the uniformed services contribute to the national defense, Congress drafted the Servicemembers Civil Relief Act (SCRA) and Uniformed Services Employment and Reemployment Rights Act (USERRA) so that their protections applied to all members of the “uniformed services,” and not simply members of the “armed forces.” See 50 App. U.S.C. § 511(1); 38 U.S.C. § 4303.
- Amending A.R.S. § 43-1022(13) so that it applies to members of the “uniformed services” would make the statute consistent with the SCRA and USERRA, and recognize the contributions by and hardships of the commissioned corps of NOAA and USPHS.

Amending A.R.S. § 43-1022(13)

- The proposed amendment *would not* affect the statute's application to inactive members of the reserves and national guard because the statute still requires "active service."
- The proposed amendment *would not* affect civilian employees of either agency, because "uniformed services" includes only the commissioned officers in NOAA and USPHS.
- The proposed amendment would have a *negligible impact of revenues* because there are so few members of the commissioned corps of NOAA (approx. 300) and USPHS (approx. 6000), and only some of them reside in Arizona.
 - Note: The SCRA allows servicemembers to retain residency in their home state for tax purposes. See 50 U.S.C. app. § 571. Thus, NOAA/USPHS commissioned officers working in Arizona may elect to pay income tax on their compensation in their home state instead of Arizona.

Text of HB 2256 available at:

[http://www.aug.gov/matDent
.asp?inco=legext/52leg/2005/hb225
6p.htm&session=115](http://www.aug.gov/matDent.asp?inco=legext/52leg/2005/hb2256p.htm&session=115)

For more about the bill, visit:

<http://www.usphs.gov/aboutus/>

<http://www.noaa.gov/about-noaa.html>

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - Second Regular Session

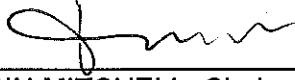
ROLL CALL VOTE

COMMITTEE ON WAYS AND MEANS BILL NO. HB 2256

DATE February 1, 2016 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Bolding		✓			
Mr. Cardenas		✓			
Mr. Mesnard	✓	✓			
Mr. Olson		✓			
Ms. Ugenti-Rita					✓
Mr. Weninger		✓			
Mr. Wheeler		✓			
Mr. Kern, Vice-Chairman		✓			
Mr. Mitchell, Chairman		✓			
		8	0	0	1

APPROVED:



DARIN MITCHELL, Chairman
ANTHONY KERN, Vice-Chairman



COMMITTEE SECRETARY

ATTACHMENT 13



HOUSE OF REPRESENTATIVES

HB 2343

unclaimed property; revenue department contracts
Prime Sponsor: Representative Livingston, et al., LD 22

X Committee on Ways and Means

Caucus and COW

House Engrossed

OVERVIEW

HB 2343 stipulates that the Department of Revenue (DOR) may not enter into a contract relating to unclaimed property with an auditor if the contract indicates that the auditor's payment is dependent on the auditor's recovery of the property.

PROVISIONS

1. Specifies that DOR may not enter into a contract with an auditor for an audit relating to unclaimed property if the contract indicates that the auditor's payment is dependent on the auditor's recovery of the property.
2. Contains an applicability clause.

ADDITIONAL INFORMATION

Unclaimed property is any intangible asset that is held, issued or owed in the course of a holder's business that has remained unclaimed by the owner for a statutory period of time, usually one to three years, after it became payable or distributable (DOR).



U.S. CHAMBER

Institute for Legal Reform

Attachment
for HB 2343

February 1, 2016

On behalf of the U.S. Chamber Institute for Legal Reform ("ILR") and the Arizona Chamber of Commerce and Industry, we write to express our strong support of H.B. 2343, which would prohibit the use of contingency fee arrangements with private audit firms hired to enforce Arizona's unclaimed property law.

Private auditors hired under a contingency fee contract stand to gain from every dollar collected. This private profit motive creates a built-in incentive to aggressively interpret and exceed the boundaries of Arizona's unclaimed property law. These auditors are also able to accumulate millions of dollars in fees under these contracts; money otherwise owed to the state and the rightful owners of lost or abandoned property.

Unclaimed property enforcement should not be a get rich scheme, it should be a fair process where both the state and businesses work together to unite owners with lost or forgotten property. However, under contingency fee contracts, the private profit motives of audit firms undermine the public trust and threaten the fairness of unclaimed property enforcement.

By prohibiting private profit motivated contingency fee arrangements when enforcing the state's unclaimed property law, H.B. 2343 would introduce rationality and integrity into the current system and be a significant step toward fixing the problematic incentive structure plaguing unclaimed property administration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Harold H. Kim'.

Harold H. Kim
Executive Vice President
U.S. Chamber Institute for Legal Reform

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON _____ WAYS AND MEANS _____ BILL NO. HB 2343

DATE February 1, 2016 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Bolding			✓		
Mr. Cardenas	✓		✓		
Mr. Mesnard		✓			
Mr. Olson		✓			
Ms. Ugenti-Rita					✓
Mr. Weninger		✓			
Mr. Wheeler			✓		
Mr. Kern, Vice-Chairman		✓			
Mr. Mitchell, Chairman		✓			
		5	3	0	1

APPROVED:



DARIN MITCHELL, Chairman
ANTHONY KERN, Vice-Chairman



COMMITTEE SECRETARY

ATTACHMENT 16



HOUSE OF REPRESENTATIVES

HB 2354

tax credit; unified sports programs

Prime Sponsor: Representative Carter, LD 15

X Committee on Ways and Means

Caucus and COW

House Engrossed

OVERVIEW

HB 2354 allows cash contributions made in support of unified sports programs to qualify under the Public School Tax Credit.

PROVISIONS

1. Expands the Public School Tax Credit eligibility criteria to include cash contributions made to unified sports programs.
2. Defines *unified sports program* as an inclusive program that combines students with intellectual disabilities and students without intellectual disabilities on sports teams for training and competition.
3. Makes technical and conforming changes.

CURRENT LAW

Established by Laws 1997, Chapter 48, the Public School Tax Credit permits a taxpayer to receive a tax credit in an amount equal to as much as \$200 for an individual or \$400 for a married couple for contributions for standardized testing fees, the career and technical education industry certification assessment, extracurricular activities and character education programs. In Tax Year 2014, the Arizona Department of Revenue reported 266,087 claims totaling \$50,991,999.

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - Second Regular Session

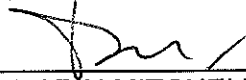
ROLL CALL VOTE

COMMITTEE ON WAYS AND MEANS BILL NO. HB 2354

DATE February 1, 2016 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Bolding			✓		
Mr. Cardenas			✓		
Mr. Mesnard		✓			
Mr. Olson	✓	✓			
Ms. Ugenti-Rita					✓
Mr. Weninger		✓			
Mr. Wheeler			✓		
Mr. Kern, Vice-Chairman		✓			
Mr. Mitchell, Chairman		✓			
		5	3	0	1

APPROVED:


DARIN MITCHELL, Chairman
ANTHONY KERN, Vice-Chairman


COMMITTEE SECRETARY

ATTACHMENT 18



HOUSE OF REPRESENTATIVES

HB 2402

bonds; disclosure; notice

Prime Sponsor: Representative Leach, et al., LD 11

X Committee on Ways and Means

Caucus and COW

House Engrossed

OVERVIEW

HB 2402 specifies information that must be included in county and municipal bond election pamphlets and ballots.

PROVISIONS

1. Requires the following information to appear on bond election pamphlets distributed by a county or municipality:
 - a. The estimated tax impact of debt service for the bond, at the maximum interest rate authorized by the voters.
 - b. The estimated total cost of the bond, including principal and interest at the maximum interest rate authorized by the voters.
 - c. A disclosure that the expenditure authorized by the bond is governed by the general purposes of the bond and not the proposed projects listed in the pamphlet.
2. Requires a county or municipal bond election ballot to include a disclosure that a "yes" vote may increase the primary tax rate to pay for the maintenance and operation of projects funded by the bond.
3. Makes technical and conforming changes.

CURRENT LAW

A.R.S. § 35-454 establishes informational requirements for county and municipal bond election pamphlets and ballots. Counties and municipalities are required to distribute a bond election pamphlet at least 35 days before an election to each household under their jurisdiction, containing all of the following information:

- The amount of the bond authorization.
- The maximum interest rate of the bond.
- The estimated debt retirement schedule for the current amount of bonds outstanding and the proposed bond, the current net assessed value and the current adopted and estimated tax rates.
- The source of repayment.
- The estimated issuance costs.
- The estimated tax impact of debt service for the bond.
- The estimated total cost of the proposed bond.
- The current outstanding general obligation debt and constitutional debt limitation.
- Projects and expenditures for which the bond is to be issued.
- The purpose of the bond

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON WAYS AND MEANS BILL NO. HB 2402


DATE February 1, 2016 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Bolding			✓		
Mr. Cardenas			✓		
Mr. Mesnard		✓			
Mr. Olson		✓			
Ms. Ugenti-Rita					✓
Mr. Weninger		✓			
Mr. Wheeler			✓		
Mr. Kern, Vice-Chairman		✓			
Mr. Mitchell, Chairman		✓			
		5	3	0	1

APPROVED:



DARIN MITCHELL, Chairman
ANTHONY KERN, Vice-Chairman



COMMITTEE SECRETARY

ATTACHMENT 20



HOUSE OF REPRESENTATIVES

HB 2449

taxation; self-reported errors; injured spouses
Prime Sponsor: Representative Mitchell, et al., LD 13

X Committee on Ways and Means

Caucus and COW

House Engrossed

OVERVIEW

HB 2449 requires the Department of Revenue (DOR) to provide and review forms for taxpayers to claim injured spouse relief and allows taxpayers to correct an underpaid tax return without penalty.

PROVISIONS

1. Allows a taxpayer to apply to DOR for protection of the taxpayer's share of any overpayment or refund from setoff for the past due state taxes, child support, spousal maintenance, debt to courts or debt to state agencies of the taxpayer's spouse.
2. Holds harmless a taxpayer from penalty for underpaid taxes if the total additional tax paid and due represents a substantial understatement of tax liability.
3. Requires DOR to receive and prescribe forms for taxpayer's filing for injured spouse relief.
4. Specifies the amount of protected share is determined by a proration based on each spouse's estimated tax payments or taxes withheld from wages and may not exceed taxpayer's portion of the entire refund or overpayment.
5. Stipulates if the amount of protected share has already been distributed to an agency, political subdivision or court the taxpayer is allowed to file a request to recover the protected amount.
6. Contains an effective date of January 1, 2016.
7. Makes technical and conforming changes.

CURRENT LAW

Under A.R.S. Title 42, Chapter 2, Article 5, a taxpayer may seek relief from joint and several liability under the following circumstances:

- 1) there is an understatement of tax attributable to erroneous items of one of the taxpayers filing the joint return;
- 2) the taxpayer did not know of the understatement; and
- 3) taking in the facts and circumstances, it is inequitable to hold that taxpayer liable for the deficiency attributable to the understatement.

If a taxpayer qualifies for relief, the relief extends to the amount of liability for tax, interest and penalties that is attributable to the understatement. A qualified taxpayer, by signing the return, establishes that the taxpayer did not know and had no reason to know the extent of the understatement. The relief extends only to the extent of the liability for tax, interest and penalties attributable to the portion of the understatement of which the taxpayer did not know.

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2449
(Reference to printed bill)

- 1 Page 5, line 35, strike "OR ANOTHER STATE"
- 2 Page 6, line 9, after "effective" insert "and applies to taxable years beginning"
- 3 Amend title to conform

DARIN MITCHELL

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ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - Second Regular Session

ROLL CALL VOTE


COMMITTEE ON WAYS AND MEANS BILL NO. HB 2449

DATE February 1, 2016 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Bolding		✓			
Mr. Cardenas		✓			
Mr. Mesnard					✓
Mr. Olson		✓			
Ms. Ugenti-Rita					✓
Mr. Weninger		✓			
Mr. Wheeler		✓			
Mr. Kern, Vice-Chairman		✓			
Mr. Mitchell, Chairman		✓			
		7	0	0	2

APPROVED:


DARIN MITCHELL, Chairman
ANTHONY KERN, Vice-Chairman


COMMITTEE SECRETARY

ATTACHMENT 23



HOUSE OF REPRESENTATIVES

HB 2481

schools; primary property tax rates

Prime Sponsor: Representative Olson, LD 25

X Committee on Ways and Means

Caucus and COW

House Engrossed

OVERVIEW

HB 2481 outlines the manner in which school district taxes are to be levied and eliminates the 4% cap on school district budget balance carryforwards.

PROVISIONS

1. Requires each county board of supervisors to annually levy school district taxes on the properties in each school district at a rate equal to the lesser of:
 - a. the Qualifying Tax Rate (QTR), and
 - b. the District Support Level/per \$100 of assessed value.
2. Directs each county board of supervisors to authorize any additional primary school district tax levy requests outside of the revenue control limit at rates that would result in a levy equaling each of the following:
 - a. The difference between the transportation revenue control limit and the transportation support level.
 - b. Expenses for excess utilities, desegregation, bond issues and registering warrants.
 - c. The necessary amount for tuition loss.
 - d. Small school adjustments.
 - e. Liabilities in excess of the school district budget.
 - f. Adjacent ways.
 - g. The amount not captured by QTR due to properties that pay a government property lease excise tax.
3. Eliminates the 4% cap on school district budget balance carryforwards.
4. Strikes the requirement for school districts to use any remaining maintenance and operation (M&O), unrestricted capital outlay and adjacent ways monies leftover after encumbrances to reduce taxes.
 - a. Eliminates district administrative responsibilities associated with this requirement.
5. Makes technical and conforming changes.

CURRENT LAW

A.R.S. § 15-943.01 allows a school district governing board to budget any M&O budget balance from the current fiscal year for use for M&O in the following budget year. The maximum amount that may be carried forward annually is 4% of the school district's Revenue Control Limit for the current year.

Each school district is required to prepare a list of encumbrances before July 1st of each year for the following budget year and file an advice of encumbrance with its respective county board of

supervisors before July 18th. The county board of supervisors is required to encumber amounts included in year to date expenditures not exceeding the budget and that are available to pay liabilities. Any cash balance remaining for M&O, unrestricted capital outlay and adjacent ways after encumbrances will be budgeted for the following budget year and must be used to reduce school district taxes (A.R.S. § 15-906).

A.R.S. Title 15, Chapter 9 outlines school finance and budgeting. School districts annually determine their budget capacity through a weighted per-student statutory funding formula. A school district will levy a rate against its tax base to receive the amount needed to reach its determined budget capacity. The rate that may be levied for a school district is statutorily capped at the maximum QTR. If a district levies the maximum QTR and has not received sufficient monies to reach its budget capacity, the state provides the remainder as Equalization Assistance. The QTR is subject to Truth in Taxation requirements and in Fiscal Year 2016 is capped at \$2.0977 for high school and elementary districts and \$4.1954 for unified districts. Statute provides school districts additional taxation authority outside of the general budget limit for items such as adjacent ways, desegregation and small school adjustments.

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2481

(Reference to printed bill)

1 Page 1, strike lines 2 and 3, insert:

2 "Section 1. Section 15-906, Arizona Revised Statutes, is amended to
3 read:

4 15-906. Procedure for payment of levy fund liabilities payable
5 on June 30; lapsing of levy funds with balance for
6 reduction of taxes

7 A. Annually on or before June 30, each school district shall prepare
8 for all levy funds a list of liabilities for goods received or services
9 rendered on or before June 30 ~~which~~ THAT will not be paid by June 30 of the
10 current fiscal year.

11 B. Each school district having levy fund liabilities payable on June
12 30 shall file an advice of encumbrance with the county school superintendent
13 on or before July 18, in the manner and ~~upon~~ ON a form to be prescribed in
14 the uniform system of financial records. The county school superintendent
15 shall encumber amounts that are included in ~~year-to-date~~ YEAR-TO-DATE
16 expenditures not to exceed the budget and that are available to pay the
17 liabilities pursuant to section 15-304. ~~Any cash balances remaining in the~~
18 ~~maintenance and operation, the unrestricted capital outlay and the adjacent~~
19 ~~ways funds after encumbrances on June 30 of the current year that will be~~
20 ~~budgeted in the unrestricted capital outlay fund in the following fiscal year~~
21 ~~pursuant to section 15-947, subsection D shall be used for reduction of~~
22 ~~school district taxes for the budget year.~~

House Amendments to H.B. 2481

1 C. The county school superintendent may draw warrants against the
2 obligated in contract amounts pursuant to subsection B of this section for a
3 period of sixty days immediately following the close of the fiscal year.

4 D. After expiration of the period of sixty days immediately following
5 the close of each fiscal year, the remaining obligated in contract balance
6 shall lapse and no further payments from the maintenance and operation,
7 unrestricted capital outlay and adjacent ways funds shall be made on any
8 claim for expenditures of the prior fiscal year.

9 E. School districts that are subject to section 15-914.01 shall adhere
10 to the duties described in section 15-304 for the purposes of this section."

11 Page 4, line 4, strike "annually" insert "annually"

12 Line 42, strike "BOARD OF SUPERVISORS" insert "SCHOOL SUPERINTENDENT"

13 Page 5, strike lines 22 through 45

14 Strike page 6

15 Amend title to conform

JUSTIN OLSON

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ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON _____ WAYS AND MEANS _____ BILL NO. HB 2481

DATE February 1, 2016 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Bolding				✓	
Mr. Cardenas			✓		
Mr. Mesnard		✓			
Mr. Olson		✓			
Ms. Ugenti-Rita					✓
Mr. Weninger		✓			
Mr. Wheeler			✓		
Mr. Kern, Vice-Chairman		✓			
Mr. Mitchell, Chairman		✓			
		5	2	1	1

APPROVED:



DARIN MITCHELL, Chairman
ANTHONY KERN, Vice-Chairman



COMMITTEE SECRETARY

ATTACHMENT 26



HOUSE OF REPRESENTATIVES

HB 2482

empowerment scholarships; expansion; phase-in.
Prime Sponsor: Representative Olson, et al., LD 25

X Committee on Ways and Means

Caucus and COW

House Engrossed

OVERVIEW

HB 2482 expands the definition of *qualified student* under the Empowerment Scholarship Account (ESA) program.

PROVISIONS

1. Expands the definition of an ESA *qualified student* to include:
 - a. Beginning in School Year (SY) 2017, any child in grades K-5 attending a public school who meets certain requirements.
 - b. Beginning in SY 2018, any child in grades K-8 attending a public school who meets certain requirements.
 - c. Beginning in SY 2019, any child in grades K-12 attending a public school who meets certain requirements.
2. Makes conforming changes.

CURRENT LAW

Laws 2011, Chapter 75, established the ESA program. Arizona Revised Statutes § 15-2401 defines an ESA qualified student as an Arizona resident who is any of the following:

- Identified as having a disability,
- Attends or is eligible to attend kindergarten at a D or F school or school district,
- A previous scholarship recipient of the ESA program or the Arizona Scholarships for Pupils with Disabilities Program,
- A child whose parent or guardian is a member of the armed forces and on active duty or was killed in the line of duty (these students are exempt from any further requirements for qualification),
- A child who is a ward of the juvenile court, or
- A child who is a sibling of a current or previous ESA recipient.

The qualifying student must also meet at least one of the following requirements:

- Attended a governmental primary or secondary school as a full-time student for at least 100 days of the prior fiscal year and who transferred under a contract to participate in an ESA,
- Previously participated in the ESA program,
- Received a scholarship from a School Tuition Organization and continues to attend a qualified school,
- Was eligible for an Arizona Scholarship for Pupils with Disabilities, or
- Has not previously attended a governmental primary or secondary school but is currently eligible to enroll in a kindergarten or preschool children with disabilities program.

HB 2482

Laws 2013, Chapter 250, enacted session law that caps new ESAs through 2019 at 0.5% of the total number of students enrolled in school districts and charters schools during the previous school year

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON _____ WAYS AND MEANS _____ BILL NO. HB 2482


DATE February 1, 2016 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Bolding	✓		✓		
Mr. Cardenas			✓		
Mr. Mesnard		✓			
Mr. Olson		✓			
Ms. Ugenti-Rita					✓
Mr. Weninger		✓			
Mr. Wheeler			✓		
Mr. Kern, Vice-Chairman		✓			
Mr. Mitchell, Chairman		✓			
		5	3	0	1

APPROVED:



DARIN MITCHELL, Chairman
ANTHONY KERN, Vice-Chairman



COMMITTEE SECRETARY

ATTACHMENT 28



HOUSE OF REPRESENTATIVES

HB 2498

cigarette tax stamps; distributor discount

Prime Sponsor: Representative Mitchell, et al., LD 13

X Committee on Ways and Means

Caucus and COW

House Engrossed

OVERVIEW

HB 2498 increases the discounted rate at which tobacco distributors purchase tobacco stamps from the Department of Revenue (DOR) to 96.5% of face value, subject to an administrative allowance.

PROVISIONS

1. Allows a tobacco distributor to purchase tobacco stamps from DOR at the following rates:
 - a. 96% of the stamp's face value if purchased between October 1, 2014 and September 30, 2016.
 - b. 96.5% of the stamp's face value if purchased after September 30, 2016, subject to an administrative allowance discounted or remitted to the distributor purchasing or acquiring the stamp.
2. Allows tobacco distributors to *acquire* tobacco stamps from DOR pursuant to DOR procedures.
3. Makes technical and conforming changes.

CURRENT LAW

A.R.S. § 42-3458 specifies that a tobacco distributor may purchase a tobacco stamp at 96% of the face value of the stamp, if purchased after September 30, 2014. If a distributor requests a refund for a tobacco stamp, the refund must be issued at the total face value, minus 4%.

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2498

(Reference to printed bill)

- 1 Page 1, line 27, after the second comma strike remainder of line
- 2 Strike line 28
- 3 Line 29, strike "DISTRIBUTOR,"; after the first "THE" insert "DISCOUNT"
- 4 Line 30, after the period, insert "FOR THOSE CATEGORIES OF STAMPS WITH A FACE
- 5 VALUE OF ZERO, THREE AND ONE-HALF CENTS SHALL BE REMITTED TO THE ACQUIRING
- 6 DISTRIBUTOR AS AN ADMINISTRATIVE ALLOWANCE ON THE REPORTING OF THE AFFIXATION
- 7 OF SUCH STAMPS PURSUANT TO SECTION 42-3462."
- 8 Line 31, after "DISTRIBUTOR" insert "PURSUANT TO SECTION 42-3008 OR REDEMPTION
- 9 OF UNUSED OR SPOILED TAX STAMPS PURSUANT TO SECTION 42-3460"
- 10 Lines 32 and 33, strike "EITHER PURSUANT TO SECTION 42-3008 OR ACCOMPANIED BY
- 11 THE RETURN TO THE DEPARTMENT OF STAMPS UNUSED BY THE DISTRIBUTOR AND MUST BE"
- 12 Amend title to conform

DARIN MITCHELL

2498MITCHELL2
01/29/2016
10:24 AM
H: MM/rca

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON WAYS AND MEANS BILL NO. HB 2498

DATE February 1, 2016 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Bolding		✓			
Mr. Cardenas		✓			
Mr. Mesnard		✓			
Mr. Olson		✓			
Ms. Ugenti-Rita					✓
Mr. Weninger		✓			
Mr. Wheeler		✓			
Mr. Kern, Vice-Chairman		✓			
Mr. Mitchell, Chairman		✓			
		8	0	0	1

APPROVED: _____

DARIN MITCHELL, Chairman
ANTHONY KERN, Vice-Chairman

Abby Selvey
COMMITTEE SECRETARY

ATTACHMENT 31

ARIZONA STATE LEGISLATURE
 Fifty-second Legislature - Second Regular Session
COMMITTEE ATTENDANCE RECORD

COMMITTEE ON WAYS AND MEANS

CHAIRMAN: Darin Mitchell VICE-CHAIRMAN: Anthony Kern

DATE	1/25 /16	2/1 /16	/16	/16	/16
CONVENED	2:09 pm	2:42 pm	m	m	m
RECESSED					
RECONVENED					
ADJOURNED	2:53pm	6:08pm			
MEMBERS					
Mr. Bolding	✓	✓			
Mr. Cardenas	✓	✓			
Mr. Mesnard	✓	✓			
Mr. Olson	✓	✓			
Ms. Ugenti-Rita	✓	exc			
Mr. Weninger	✓	✓			
Mr. Wheeler	✓	✓			
Mr. Kern, Vice-Chairman	✓	✓			
Mr. Mitchell, Chairman	✓	✓			

✓ Present --- Absent exc Excused